



JOHN CONNOLLY,
Chairman

BOARD AREAS OF FOCUS 2018

The board action plan for 2018 was informed among other things by the results of the board evaluation process and included:

- Annual review of and development of plans for execution of Group strategy
- Monitoring the effectiveness and performance of the organisation
- Application of technology in the business
- Induction and integration of new board members
- Board and management succession planning
- Maintaining understanding of the Group's stakeholders, including customers, employees and shareholders
- Continued focus on corporate culture

Progress made in 2018 in all these key areas is set out in the governance report.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

In respect of the year ended 31 December 2018, the company has complied with the provisions of the April 2016 edition of the UK Corporate Governance Code (the "Code"), which is available on the Financial Reporting Council's website (frc.org.uk).

The corporate governance report examines how we have applied these provisions.

CORPORATE GOVERNANCE SUPPORTING CHANGE

Focused on delivering value

During 2018 we made progress in developing our plans to position the company for the future and in December 2018 announced that we had commenced a review of the options for the separation of our Cash Solutions business. The board believes that a separation has the clear potential to enhance the focus and success of both Secure Solutions and Cash Solutions and unlock substantial shareholder value.

Strategic context

At a time of great political and economic uncertainty, we believe we have a clear plan and continue to make progress against our strategic priorities. More details on this progress can be found on pages 2 to 5. The review of the separation options for our Cash Solutions business is underway and we believe that this has the potential to create two strong, independent businesses, each able to take advantage of their strong market positions and service offerings to deliver sustainable shareholder value. This is consistent with the fundamentals of our strategy, which is to deliver industry leading, innovative solutions and outstanding service, for our customers, engaging and rewarding work for employees and sustainable growth and returns for stakeholders.

Supporting Progress

Planning for the future requires us to maintain our focus on ensuring that the board composition remains fit to support the Group, as it evolves. As noted in the Nomination Committee Report (page 90), board succession planning remains a priority for 2019, particularly in light of our ongoing separation review.

In addition, our Chief Executive and Group HR Director engage with the board each year on talent management and succession plans.

In promoting the success of the company for the benefit of its members, the board takes account of other stakeholders' interests. We will continue to engage with our stakeholders and we value greatly the feedback we received throughout the year. More information about the board's engagement with stakeholders is set out on pages 86 and 87.

Corporate Governance

The board is committed to ensuring that corporate governance is an integral part of our organisation. The board has reviewed the company's performance against the UK Corporate Governance Code (the Code) and has concluded that the company complied with the Code throughout the 2018 financial year. A copy of the Code is available from frc.org.uk. As part of our annual corporate governance review, the

Board also considered the new provisions contained within the 2018 Corporate Governance Code, which applies to the company with effect from 1 January 2019 (the "New Code") and is taking steps to address the new requirements. The board is supportive of the changes which continue to focus on principles of good governance and promote a more thoughtful and company-specific approach to governance.

As explained in the Strategic Report, the industries in which we operate are going through a period of significant change. The board has an important role to play in reviewing our strategy, plans and performance to ensure that the company is well positioned to address these changes in a way that is consistent with good governance and the interests of our stakeholders. The role of our separate Risk Committee remains important in supporting the board in setting the right level of risk appetite and reviewing key risks, major projects and contracts. The work of the Risk Committee is described on page 96.

Changes to the board

Broadening the board's capabilities and increasing the diversity of skills, experience and backgrounds of our board members was an important aspect of the work of the board through its Nomination Committee during 2018.

John Ramsay joined the board on 1 January 2018. His extensive experience in international businesses and his background in finance and accounting are proving very valuable to our board and in leading our Audit Committee.

As announced last year, after eight years on the board, Clare Spottiswoode stepped down after the company's annual general meeting on 15 May 2018. Clare was instrumental, as chair of the CSR Committee since 2014, in helping embed CSR and governance processes across our organisation. On 18 June 2018, Elisabeth Fleuriot joined the board and was appointed to the role of chair of the CSR Committee. Elisabeth brings wide international management experience in developed and emerging markets and an understanding of CSR matters together with a keen interest in sustainable development. The work of the CSR Committee is described on page 93.

As announced on 1 March, John Daly will step down after the company's annual general meeting on 16 May 2019. I would like to thank John for his contribution to the work of the board, Audit Committee and his leadership of the Remuneration Committee. The Nomination Committee has initiated a search to find a new non-executive director to join the board.

Performance evaluation

Our externally facilitated board performance evaluation conducted between September and December 2018 is described on page 84. As in prior years, I led the performance evaluation process with assistance from the company secretary. Again this year, the results were very useful and insightful and were incorporated into the board plan for 2019.

Underlying results

During 2018, our Secure Solutions business delivered organic revenue growth of 3.0% and Secure Solutions

Adjusted PBITA margin rose from 6.2% to 6.5%. In Cash Solutions, our North American Retail Cash Solutions grew the number of locations served by 17% but did not have the same very large customer mobilisation as in 2017. Overall Cash Solutions revenues declined 9.3% and Adjusted PBITA declined 17.1%. Group organic revenue growth was 1.0% and Adjusted PBITA was unchanged at £474 million.

The Group's adjusted earnings per share was unchanged at 16.7 pence per share. Operating cash flow in 2018 was 96% of Adjusted PBITA (2017:107%). The Group's net debt to Adjusted EBITDA at the year end was 2.7x (2017: 2.4x).

In August 2018, the board declared an interim dividend of 3.59 pence (DKK 0.2969) per share which was paid on 12 October 2018. The board is confident that the business has the potential to deliver good revenue growth in the medium term. Mindful of the attractive opportunities to invest in developing new products, solutions and services in both Cash and Secure Solutions, the board proposes to recommend a final dividend of 6.11p (DKK 0.5321) per share, payable on 14 June 2019. This will bring the total dividend for the year to 9.70p per share, in line with last year's.

People

With 546,000 employees across more than 90 countries, our people remain at the heart of everything we do. The board continues to support our employee engagement programmes and to promote the application of our values across the Group.

We also promote the use of "Speak Out", our independent and confidential whistleblowing system, as an important tool to help us to monitor adherence to our values and to take steps to ensure values and behaviours are closely aligned wherever we operate. The board and I look forward to reviewing the results of our 2019 employee survey and in the meantime, we thank all our people for their continued hard work and dedication.

JOHN CONNOLLY
Chairman

OUR VALUES



Integrity and Respect

Our business activities and relationships are built on trust, honesty and openness. We deliver on the promises we make and treat our colleagues, customers and those in our care with the utmost respect.

Safety, Security and Service Excellence

We work in a safe way and take great care to protect our colleagues and customers from harm. We are experts in security and use that knowledge to protect our customers' most valuable assets. We are passionate about delivering high levels of customer service.

Innovation and Teamwork

We invest in technology and best practice to improve continually our service offering. We challenge ourselves to find new ways of helping our customers. We work together as a team to achieve the best results for our customers and our business. Everyone has a valid opinion and their contribution is valued.